

**TRANSALTA TRI LEISURE CENTRE
INCORPORATED AS TRI-MUNICIPAL LEISURE
FACILITY CORPORATION**

SPRUCE GROVE, ALBERTA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

Hawkings Epp DumontLLP

Chartered Accountants

**MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL REPORTING**

To the Directors of the TransAlta Tri Leisure Centre

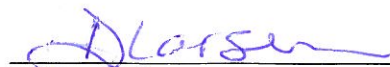
The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of the Centre's administration.

The financial statements are prepared by the Centre's administration, in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. They necessarily include some amounts that are based on the best estimates and judgements of management.

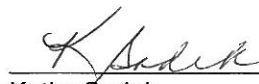
To assist in its responsibility, the Centre's administration maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of financial statements.

Hawkings Epp Dumont LLP, Chartered Accountants, appointed by the Board of Directors, conducted an audit of these financial statements in accordance with Canadian generally accepted auditing standards.

Spruce Grove, Alberta
March 6, 2013



Deborah Larsen
General Manager

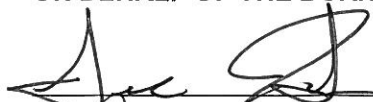



Kathy Sadek
Manager of Finance, Customer and Corporate Services

TRANSALTA TRI LEISURE CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u> (Restated) (Note 16)
FINANCIAL ASSETS		
Cash	\$ 942,775	\$ 961,762
Accounts receivable	<u>243,983</u>	<u>203,535</u>
	<u>1,186,758</u>	<u>1,165,297</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities (Note 3)	456,859	349,747
Deferred revenue (Note 5)	539,313	324,273
Lease deposits	15,824	9,129
Capital lease obligation (Note 6)	<u>-</u>	<u>9,714</u>
	<u>1,011,996</u>	<u>692,863</u>
NET FINANCIAL ASSETS	<u>174,762</u>	<u>472,434</u>
NON-FINANCIAL ASSETS		
Inventory for consumption	17,828	22,403
Prepaid expenses and deposits (Note 7)	123,295	62,792
Tangible capital assets (Schedule I)	<u>1,120,668</u>	<u>1,217,059</u>
	<u>1,261,791</u>	<u>1,302,254</u>
ACCUMULATED SURPLUS (Schedule II)	<u>\$ 1,436,553</u>	<u>\$ 1,774,688</u>
CONTINGENCIES (Note 14)		

ON BEHALF OF THE BOARD:

 Director
 Director

TRANSALTA TRI LEISURE CENTRE
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u> Budget (Note 12)	<u>2012</u> Actual	<u>2011</u> Actual (Restated) (Note 16)
REVENUE			
Pass fees	\$ 3,162,797	\$ 2,731,211	\$ 3,114,370
Partnership contributions	1,163,033	1,300,033	835,000
Program fees	1,062,034	980,352	972,156
Rental	958,350	914,117	983,110
Lease	258,138	252,702	246,952
Corporate sponsors and donations	250,417	225,274	138,552
Miscellaneous	139,500	88,913	98,677
Advertising	50,800	31,814	38,702
Commissions	40,200	28,541	37,100
Interest	<u>25,000</u>	<u>13,675</u>	<u>20,833</u>
	<u>7,110,269</u>	<u>6,566,632</u>	<u>6,485,452</u>
EXPENSES (Schedule III)			
Maintenance	2,487,290	2,535,577	2,450,747
Administration	2,321,262	2,012,668	1,917,359
Aquatics	1,109,705	1,208,255	1,150,231
Wellness	520,338	509,014	524,502
Field and arena	299,333	378,170	335,345
Children's programs	<u>249,950</u>	<u>261,083</u>	<u>264,882</u>
	<u>6,987,878</u>	<u>6,904,767</u>	<u>6,643,066</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>122,391</u>	<u>(338,135)</u>	<u>(157,614)</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS PREVIOUSLY STATED	1,660,965	1,660,965	1,813,907
Prior period adjustment (Note 16)	<u>-</u>	<u>113,723</u>	<u>118,395</u>
ACCUMULATED SURPLUS, BEGINNING OF YEAR AS RESTATED	<u>1,660,965</u>	<u>1,774,688</u>	<u>1,932,302</u>
ACCUMULATED SURPLUS, END OF YEAR	\$ <u><u>1,783,356</u></u>	\$ <u><u>1,436,553</u></u>	\$ <u><u>1,774,688</u></u>

TRANSALTA TRI LEISURE CENTRE
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u> Budget (Note 12)	<u>2012</u> Actual	<u>2011</u> Actual (Restated) (Note 16)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ <u>122,391</u>	\$ <u>(338,135)</u>	\$ <u>(157,614)</u>
Acquisition of tangible capital assets	(122,391)	(86,388)	(206,578)
Amortization of tangible capital assets	-	167,530	162,207
(Gain) loss on sale of tangible capital assets	<u>-</u>	<u>15,248</u>	<u>-</u>
	<u>(122,391)</u>	<u>96,390</u>	<u>(44,371)</u>
Acquisition of supplies inventories	-	4,574	(12,506)
Decrease (increase) in prepaid assets	<u>-</u>	<u>(60,501)</u>	<u>(56,565)</u>
	<u>-</u>	<u>(55,927)</u>	<u>(69,070)</u>
INCREASE (DECREASE) IN NET ASSETS	-	(297,672)	(271,055)
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>472,434</u>	<u>472,434</u>	<u>743,489</u>
NET FINANCIAL ASSETS, END OF YEAR	\$ <u>472,434</u>	\$ <u>174,762</u>	\$ <u>472,434</u>

TRANSALTA TRI LEISURE CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2012</u>	<u>2011</u> (Restated) (Note 16)
OPERATING ACTIVITIES		
Cash from operations		
Excess (Deficiency) of revenue over expenditures	\$ (338,135)	\$ (157,614)
Amortization of tangible capital assets	167,530	162,207
Loss on disposal of tangible capital assets	<u>15,248</u>	<u>-</u>
	<u>(155,357)</u>	<u>4,593</u>
Non-cash charges to operations:		
Accounts receivable	(40,448)	29,127
Inventory of supplies	4,575	(12,506)
Prepaid expenses	(60,503)	(56,564)
Lease deposits	6,696	-
Accounts payable and accrued liabilities	107,112	451
Deferred revenue	<u>215,040</u>	<u>(9,864)</u>
	<u>232,472</u>	<u>(49,356)</u>
	<u>77,115</u>	<u>(44,763)</u>
CAPITAL ACTIVITIES		
Purchase of tangible capital assets	<u>(86,388)</u>	<u>(206,579)</u>
FINANCING ACTIVITIES		
Repayment of capital lease obligation	<u>(9,714)</u>	<u>(30,607)</u>
 CHANGE IN CASH FOR THE YEAR	 (18,987)	 (281,949)
CASH, BEGINNING OF YEAR	<u>961,762</u>	<u>1,243,711</u>
CASH, END OF YEAR	<u>\$ 942,775</u>	<u>\$ 961,762</u>

TRANSALTA TRI LEISURE CENTRE

SCHEDULE I

SCHEDULE OF TANGIBLE CAPITAL ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Land Improvements	Engineered Structures	Machinery and Equipment	2012	2011
COST:					
Balance, Beginning of Year	\$ 250,000	\$ 726,387	\$ 1,061,931	\$ 2,038,318	\$ 1,831,740
Additions	-	10,403	75,985	86,388	206,578
Write downs	-	(15,248)	-	(15,248)	-
Balance, End of Year	250,000	721,542	1,137,916	2,109,458	2,038,318
ACCUMULATED AMORTIZATION:					
Balance, Beginning of Year	41,667	143,667	635,926	821,260	659,052
Annual amortization	8,333	26,990	132,207	167,530	162,207
Balance, End of Year	50,000	170,657	768,133	988,790	821,259
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 200,000	\$ 550,885	\$ 369,783	\$ 1,120,668	\$ 1,217,059

TRANSALTA TRI LEISURE CENTRE

SCHEDULE II

SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 2012

	Equity in Tangible Capital Assets	Restricted	Unrestricted	Total
BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY STATED	\$ 1,093,622	\$ 558,079	\$ 9,264	\$ 1,660,965
Prior Period Adjustment (Note 16)	<u>113,720</u>	<u>(113,723)</u>	<u>113,726</u>	<u>113,723</u>
Balance, Beginning of Year, As Restated	1,207,342	444,356	122,990	1,774,688
Tangible Capital Asset Purchases	86,388	-	(86,388)	-
Amortization of Tangible Capital Assets	(167,530)	-	167,530	-
Gain (Loss) on Tangible Capital Assets	(15,248)	-	15,248	-
Capital Lease Obligation	9,714	(9,714)	-	-
Transfers to (from) Surplus related to Purchase of Tangible Capital Assets	-	(86,388)	86,388	-
Interfund Transfer	-	85,750	(85,750)	-
Excess (Deficiency) of Revenue over Expenses	<u>-</u>	<u>-</u>	<u>(338,135)</u>	<u>(338,135)</u>
BALANCE, END OF YEAR	<u>\$ 1,120,666</u>	<u>\$ 434,004</u>	<u>\$ (118,117)</u>	<u>\$ 1,436,553</u>

FOR THE YEAR ENDED DECEMBER 31, 2011

	Equity in Tangible Capital Assets	Restricted	Unrestricted	Total
BALANCE, BEGINNING OF YEAR, AS PREVIOUSLY STATED	\$ 1,172,688	\$ 706,723	\$ (65,504)	\$ 1,813,907
Prior Period Adjustment (Note 16)	<u>(40,325)</u>	<u>40,325</u>	<u>118,395</u>	<u>118,395</u>
Balance, Beginning of Year, As Restated	1,132,363	747,048	52,891	1,932,302
Tangible Capital Assets Purchases	206,578	-	(206,578)	-
Amortization of Tangible Capital Assets	(162,207)	-	162,207	-
Capital Lease Obligation	30,608	(30,608)	-	-
Transfers to (from) Surplus	-	(65,506)	65,506	-
Transfers to (from) Surplus for Purchases of Tangible Capital Assets	-	(206,578)	206,578	-
Excess (Deficiency) of Revenue over Expenses	<u>-</u>	<u>-</u>	<u>(157,614)</u>	<u>(157,614)</u>
BALANCE, END OF YEAR	<u>\$ 1,207,342</u>	<u>\$ 444,356</u>	<u>\$ 122,990</u>	<u>\$ 1,774,688</u>

The accompanying notes are an integral part of these financial statements.

TRANSALTA TRI LEISURE CENTRE
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2012

SCHEDULE III

	Administration	Operations and Maintenance	Aquatics	Fields and Arena	Wellness	Child Programs	Unallocated	Total
REVENUE								
Membership and pass	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 2,731,211	\$ 2,731,211
Partnership contributions	1,300,033	-	-	-	-	-	-	1,300,033
Programs	-	-	522,135	-	263,262	194,955	-	980,352
Rentals	-	-	-	914,117	-	-	-	914,117
Lease revenue	252,702	-	-	-	-	-	-	252,702
Corporate sponsors	225,274	-	-	-	-	-	-	225,274
Other	162,943	-	-	-	-	-	-	162,943
	<u>1,940,952</u>	<u>-</u>	<u>522,135</u>	<u>914,117</u>	<u>263,262</u>	<u>194,955</u>	<u>2,731,211</u>	<u>6,566,632</u>
EXPENSES								
Salaries, wages and benefits	1,294,813	1,010,910	1,111,774	270,986	365,210	236,726	-	4,290,419
Utilities	-	1,113,034	-	-	-	-	-	1,113,034
Administrative services	359,896	-	-	-	-	-	-	359,896
Repairs and maintenance	-	210,377	58,141	41,907	10,004	-	-	320,429
Contracted services	140,522	58,075	-	8,993	76,390	14,235	-	298,215
Materials, goods and supplies	80,490	101,125	24,142	4,113	9,750	9,171	-	228,791
Amortization	22,178	40,040	9,015	52,031	44,266	-	-	167,530
Marketing and publications	81,389	-	-	-	-	-	-	81,389
Other	18,132	2,016	5,183	140	3,394	951	-	29,816
Loss on tangible capital assets	15,248	-	-	-	-	-	-	15,248
	<u>2,012,668</u>	<u>2,535,577</u>	<u>1,208,255</u>	<u>378,170</u>	<u>509,014</u>	<u>261,083</u>	<u>-</u>	<u>6,904,767</u>
NET REVENUE (EXPENSES)	\$ (71,716)	\$ (2,535,577)	\$ (686,120)	\$ 535,947	\$ (245,752)	\$ (66,128)	\$ 2,731,211	\$ (338,135)

TRANSALTA TRI LEISURE CENTRE
CONSOLIDATED SCHEDULE OF SEGMENTED DISCLOSURE
FOR THE YEAR ENDED DECEMBER 31, 2011

SCHEDULE III

	Administration	Operations and Maintenance	Aquatics	Fields and Arena	Wellness	Child Programs	Unallocated	Total
REVENUE								
Memberships and passes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,114,370	\$ 3,114,370
Rentals	-	-	-	983,110	-	-	-	983,110
Programs	-	-	453,198	-	297,830	221,128	-	972,156
Partnership contributions	835,000	-	-	-	-	-	-	835,000
Lease revenue	246,952	-	-	-	-	-	-	246,952
Other	195,312	-	-	-	-	-	-	195,312
Corporate sponsors	138,552	-	-	-	-	-	-	138,552
	<u>1,415,816</u>	<u>-</u>	<u>453,198</u>	<u>983,110</u>	<u>297,830</u>	<u>221,128</u>	<u>3,114,370</u>	<u>6,485,452</u>
EXPENSES								
Salaries, wages and benefits	1,337,127	977,014	1,075,464	245,906	384,851	250,477	-	4,270,839
Utilities	-	1,115,990	-	-	-	-	-	1,115,990
Administrative services	304,586	-	-	-	-	-	-	304,586
Repairs and maintenance	-	184,334	40,953	26,653	8,142	-	-	260,082
Materials, goods and supplies	59,442	127,071	20,204	1,947	18,419	12,384	-	239,467
Contracted services	112,625	6,540	-	9,752	70,670	-	-	199,587
Amortization	23,235	39,270	9,714	51,038	38,950	-	-	162,207
Marketing and publications	64,509	-	-	-	-	-	-	64,509
Other	15,835	528	3,896	49	3,470	2,021	-	25,799
	<u>1,917,359</u>	<u>2,450,747</u>	<u>1,150,231</u>	<u>335,345</u>	<u>524,502</u>	<u>264,882</u>	<u>-</u>	<u>6,643,066</u>
NET REVENUE (EXPENSES)	\$ (501,543)	\$ (2,450,747)	\$ (697,033)	\$ 647,765	\$ (226,672)	\$ (43,754)	\$ 3,114,370	\$ (157,614)

TRANSALTA TRI LEISURE CENTRE

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

1. NATURE OF OPERATIONS

The TransAlta Tri Leisure Centre (the "Centre") is a recreational leisure facility owned by the Town of Stony Plain, Parkland County and the City of Spruce Grove (the "co-venturers"). The Centre was incorporated on December 19, 2001 under the *Companies Act* (Alberta) as a not-for-profit Part IX corporation to operate and manage the facility and is exempt from taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representations of management prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations, excluding PS 4200 series of the standards, established by the Public Sector Accounting Board ("PSAB").

(a) Basis of Accounting

Revenues are accounted for in the period in which transactions or events occurred that gave rise to the revenues. Expenditures are accounted for in the period the goods or services are acquired or a liability is incurred.

Funds from external parties restricted by agreement of legislation are accounted for as deferred revenue until used for the purpose specified.

Program pre-registration revenue for programs scheduled in the subsequent year are deferred until that program has commenced.

Government transfers are recognized as revenue in the period in which the events giving rise to the transfer occurred, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(b) Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets (Debt) for the year.

(c) Inventory Consumption

Inventories for consumption are valued at the lower of cost and net realizable value with cost determined by the first in, first out method.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Land improvements	30 years
Engineered structures	10 to 30 years
Machinery and equipment	5 to 25 years

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and are also recorded as revenue.

(CONT'D)

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Accumulated Surplus

Accumulated surpluses are established at the discretion of the Board to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund.

Restricted surplus consists of funds restricted by the Board that have been restricted for the purpose of acquisition and major unexpected maintenance of capital items.

Equity in capital assets consists of the net investment in total capital assets after deducting the portion financed by third parties.

(f) Pension Expenditure

The Centre participates in a multi-employer defined benefit plan. This plan is accounted for as a defined contribution plan.

(g) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or are the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

(h) Use of Estimates

The preparation of the financial statements in accordance with PSAB for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Areas of key estimation include determination of amortization of tangible capital assets and prepaid expenses.

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2012</u>	<u>2011</u>
Trade and other accounts payable	\$ 277,177	\$ 175,149
Salaries and vacation payable	161,613	163,574
Goods and Services Tax payable	<u>18,069</u>	<u>11,024</u>
	<u>\$ 456,859</u>	<u>\$ 349,747</u>

4. CREDIT FACILITY

The Centre has a demand revolving operating credit facility to a maximum of \$150,000 bearing interest at prime plus 1.00% per annum. The credit facility was not drawn upon as of December 31, 2012.

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

5. DEFERRED REVENUE

Deferred revenue consists of the following amounts, which have been collected for services that will be provided in the future. These amounts are recognized as revenue when the services have been provided.

	<u>2012</u>	<u>2011</u>
Program pre-registration	\$ 395,406	\$ 307,864
Corporate Sponsorships	131,166	5,000
Gift certificates	<u>12,741</u>	<u>11,409</u>
	<u>\$ 539,313</u>	<u>\$ 324,273</u>

6. CAPITAL LEASE OBLIGATION

	<u>2012</u>	<u>2011</u>
Capital lease	\$ <u>-</u>	\$ <u>9,714</u>

The capital lease expired during the 2012 fiscal year. The Centre did not enter into any subsequent lease arrangements.

Interest on the capital lease obligation amounted to \$1,319 (2011 - \$2,769).

7. PREPAID EXPENSES AND DEPOSITS

	<u>2012</u>	<u>2011</u>
Corporate sponsorships	\$ 71,431	\$ 56,381
Tenancies renewals	35,531	-
Other	<u>16,333</u>	<u>6,411</u>
	<u>\$ 123,295</u>	<u>\$ 62,792</u>

During 2011 the Centre entered into a fundraising agreement with Performance Sponsorship Group for the purpose of obtaining sponsorships. The cost of this contract is being amortized over 4 years from the commencement of the contract.

Amortization Schedule:

2013	\$ 35,715
2014	<u>35,716</u>
Total Remaining Expenses	<u>\$ 71,431</u>

(CONT'D)

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

7. PREPAID EXPENSES AND DEPOSITS (CONT'D)

Corporate Sponsorships

Total corporate sponsorships to be received over life of contracts	\$ 2,300,000
Total commission expense to be paid	(70,250)
Total fees paid to Performance Sponsorship Group	<u>(131,331)</u>
Net corporate sponsorship to be received over life of contracts	2,098,419
Less net corporate sponsorship revenue received in current year	(126,533)
Less net corporate sponsorship revenue received in prior years	<u>-</u>
Net remaining corporate sponsorship revenue to be received	<u>\$ 1,971,886</u>

8. LOCAL AUTHORITIES PENSION PLAN

Employees of the Centre participate in the Local Authorities Pension Plan (LAPP), which is covered by the *Public Sector Pension Plans Act*. LAPP is financed by employer and employee contributions and investment earnings of the LAPP Fund.

The Centre is required to make current service contributions to the Plan of 9.91% of pensionable earnings up to the Canada Pension Plan year's maximum pensionable earnings and 13.74% for the excess. Employees of the Centre are required to make current service contributions of 8.91% of pensionable earnings up to the year's maximum pensionable earnings and 12.74% on pensionable earnings above this amount.

Total current and past service contributions made by the Centre to the LAPP in 2012 were \$189,539 (2011 - \$179,270). Total current and past service contributions made by the employees of the Centre to the LAPP in 2012 were \$171,774 (2011 - \$161,936).

At December 31, 2011, the LAPP disclosed an actuarial deficit of \$4.639 billion (2010 - \$4.635 billion).

9. RELATED PARTY TRANSACTIONS

Contributions received from partners are as follows:

	<u>2012</u>	<u>2011</u>
City of Spruce Grove	\$ 545,180	\$ 354,875
Parkland County	392,677	250,500
Town of Stony Plain	<u>362,176</u>	<u>229,625</u>
	<u>\$ 1,300,033</u>	<u>\$ 835,000</u>

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

10. SEGMENTED INFORMATION

The Centre provides a wide range of services to its patrons. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and activities they encompass are as follows:

(a) Administration

The Administration department relates to the revenues and expenses that relate to the operations of the Centre itself and cannot be directly attributed to a specific segment. Revenue in this area consists of contributions from the partners, rental of meeting rooms, lease of space in the Centre, corporate sponsorship from the advertisements within the building, locker rentals, proshop sales, and other miscellaneous sources of income.

(b) Operations and Maintenance

The operations and maintenance department is responsible for the overall upkeep of the facility and to provide the utilities for the Centre. Expenses in this segment cannot be attributed to any of the other segments.

(c) Aquatics

The aquatics department includes activities in the pool such as swimming programs. The department must also provide staff in order to meet safety requirements and to run the programs.

(d) Fields and Arena

The fields and arena department is responsible for the rentals of the indoor soccer fields and arenas and maintaining them for patron use.

(e) Wellness

The wellness department is responsible for running drop in and registered fitness programs. They are also responsible for staffing and maintaining the fitness equipment and weight rooms.

(f) Child Programs

The child programs department is responsible for child minding, birthday parties, camps for children hosted at the Centre, and other programs geared specifically to children.

For each reported segment, revenues and expenses represent amounts that are directly attributable to the segment, except for pass revenue. Membership and pass revenue cannot be reasonably allocated because they are generated by a wide range of activities. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 2. For additional information see the Schedule of Segmented Disclosure (Schedule III).

11. FINANCIAL INSTRUMENTS

The Centre's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. It is management's opinion that the Centre is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

The Centre is subject to credit risk with respect to accounts receivables. Credit risk arises from the possibility that the Centre's customers or sponsors may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimizes the Centre's credit risk.

Unless otherwise noted, the fair values of these financial instruments approximate their carrying values.

TRANSALTA TRI LEISURE CENTRE
NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2012

12. RECONCILIATION OF OPERATING RESULTS TO BUDGETING SYSTEM

The Centre compiles a budget on a modified accrual basis. The budget expensed all tangible capital asset purchases rather than including amortization expense. The reconciliation below adjusts excess revenue over expenditures to align with the budget process. It should not be used as a replacement for the statement of operations and accumulated surplus. Users should note that this information may not be appropriate for their purposes.

	Budget <u>2012</u>	Actual <u>2012</u>	Actual <u>2011</u>
Excess (Deficiency) of Revenue over Expenses	\$ 122,391	\$ (338,135)	\$ (157,614)
Add back:			
Amortization expense	-	167,530	162,207
Deduct:			
Capital purchases	<u>(122,391)</u>	<u>(86,388)</u>	<u>(206,578)</u>
Results of Operations as Budgeted	\$ <u>-</u>	\$ <u>(256,993)</u>	\$ <u>(201,985)</u>

The budget figures are provided for information only and have not been audited.

13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

14. CONTINGENCIES

The Centre was served in 2009 with a statement of claim by a patron for personal damages. The extent of the liability and probability of the success of the statement of claim is undetermined.

15. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board and the Centre's administration.

16. PRIOR PERIOD ADJUSTMENT

During the 2012 fiscal year, the Centre discovered that it was applying section *PS 4210 Contributions - revenue recognition*. This accounting standard required the Centre to amortize its restricted capital asset contributions into revenue on the same basis as the amortization expense related to the acquired capital asset. It was concluded that this accounting standard was not appropriate for municipal government formatted financial statements, so a change was made.

The Centre has accounted for these changes retrospectively and restated comparative figures. The effect on the financial statements has been to decrease 2011 excess of revenue over expenses by \$4,672, decrease deferred contributions by \$113,723, and to increase 2011 opening accumulated surplus by \$118,395.

Previously, the \$118,395 increase in 2011 opening accumulated surplus was disclosed under restricted accumulated surplus. The increase in opening accumulated surplus for \$118,395 has been reclassified to unrestricted accumulated surplus as the restricted funding received would have been reported within the statement of operations in 2010. The change from restricted to unrestricted accumulated surplus caused the ending 2012 unrestricted accumulated surplus balance to change, from a deficit of \$236,512 to \$118,117.